H.R. 7082 – To amend the Internal Revenue Code of 1986 to permit the Secretary of the Treasury to disclose certain prisoner return information to the Federal Bureau of Prisons

FLOOR SITUATION

H.R. 7082 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Jim Ramstad (R-MN) on July 22, 2008. The bill was referred to the Committee on Ways and Means, but was never considered.

H.R. 7082 is expected to be considered on the floor of the House on September 26, 2008.

SUMMARY

H.R. 7082 permits disclosure of tax return information with respect to prisoners to officers and employees of the Federal Bureau of Prisons, when the Secretary of the Treasury determines that there may be false or fraudulent tax returns involved. The Secretary may only disclose this information if it is necessary to permit effective tax administration.

BACKGROUND

According to prison officials, inmate tax fraud has increased steadily since 2000. Prison tax fraud is linked to the illegal drug trade, which is a significant problem in the nation's prisons. Drug trade and abuse in prisons commonly leads to assault and extortion.

Tax fraud among inmates usually occurs when perpetrators collaborate in small groups. Inmates file fraudulent tax returns, using the name of one of the conspirators. Such prisoners will use employment information numbers from outside sources and set up direct deposit bank accounts outside of the prison. The fraudulent tax returns are smuggled out of the prison during visitation periods to be mailed. Once a tax refund is received from the IRS, the funds are smuggled back into the prison system through visitation.

COST

The Congressional Budget Office (CBO) has not produced a cost estimate for H.R. 7082 as of September 26, 2008.

STAFF CONTACT

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